

**Governmental and Consumer Parties'
Commonwealth Edison Company's
Second Set of Data Requests**

- 2.58 Please refer to Mr. Effron's opinion that "actual test year expenses should be adjusted to reflect merger savings that ComEd can reasonably be expected to achieve." (GC Exhibit 2.0)
- a. Does Mr. Effron have an opinion regarding whether, if ComEd will incur costs to achieve any "merger savings", then ComEd should be allowed to offset those costs in calculating its revenue requirement? If he has such an opinion, what is that opinion and what are the facts supporting that opinion?
 - b. Does Mr. Effron believe that the "merger savings" to which he refers are known and measurable? If so, why and what is the standard that he employs in determining whether an adjustment to a proposed revenue requirement is known and measurable. To the extent, if any, that Mr. Effron's standard varies as to different types of costs, e.g., capital versus expenses, please so state.
 - c. If ComEd has actual plans or forecasts for employee reductions that indicate how many jurisdictional employee positions will be eliminated, then does Mr. Effron believe that the Commission should use those plans or forecasts instead of his estimate of reductions (GC Exhibit 2.0, page 21, lines 12-19). If not, why not?

- Response:
- a. Yes. Mr. Effron believes that if ComEd will incur costs to achieve merger savings, then ComEd should be allowed to offset those costs in calculating its revenue requirement. This opinion is based on the principle that the treatment of costs and benefits should be matched to the extent reasonably possible. Mr. Effron has no other "facts" to support this opinion.
 - b. Mr. Effron believes that it is known that the merger will produce savings. Mr. Effron also believes that the savings are measurable. However, Mr. Effron had to rely on estimates of merger savings, because ComEd declined to provide information that would have permitted a more precise measurement. The standard that Mr. Effron employs is reasonable certainty.
 - c. Subject to a review of the reasonableness of the "actual plans or forecasts for employee reductions", Mr. Effron believes, in general, that the Commission should use such actual plans rather than an estimate.

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I.C.C. DOCKET NO. 01-0423
ComEd
Cross Exhibit No. 40
Witness E. Effron
Date 11-8-04 Reporter Am